

Defendant.

[Resolving Doc. Nos. 109 & 116.]

In 2008, Codonics successfully petitioned the United States Patent and Trademark Office (“PTO”) for reexamination of several claims of the DatCard patent at issue in the infringement

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action. [Doc. 109, [Ex. 1](#) at 2.] Then in February 2009, Codonics successfully moved the federal court in California to stay the infringement action pending the conclusion of the PTO reexamination proceedings. [[Id.](#) at 3.]

Now, DatCard asks this Court to stay this action, saying several of its affirmative defenses depend on the validity of the patent at issue in the PTO reexamination proceedings and the infringement action. [Doc. [109](#) at 3-4 (claiming entitlement “to setoff against any purported damages suffered by Codonics the damages DatCard has suffered due to Codonics’ infringement of the 164 Patent”) (emphasis deleted).] DatCard’s proposed stay would last until both the PTO reexamination proceedings and the infringement action have concluded. [[Id.](#) at 1.] In the alternative, DatCard asks this Court to bifurcate the damages issues in this case and stay the damages proceedings until both the PTO reexamination proceedings and the infringement action have concluded. [[Id.](#) at 1.]

Federal trial courts have the power to stay proceedings, even for an indefinite period of time. See [Landis v. North Am. Co.](#), 299 U.S. 248, 254-55 (1936). “This power springs from the inherent authority of every court to control the disposition of its cases.” [Cherokee Nation of Okla. v. United States](#), 124 F.3d 1413, 1416 (Fed. Cir. 1997). A trial court’s discretion is not, however, absolute. [Landis](#), 299 U.S. at 257. Rather, courts must “weigh competing interests and maintain an even balance” in deciding whether to stay proceedings. [Id.](#) at 255. Moreover, a trial court “is not required to stay judicial resolution in view of [a pending Patent and Trademark Office] reexamination[.]” [Viskase Corp. v. Am. Nat’l Can Co.](#), 261 F.3d 1316, 1328 (Fed. Cir. 2001).

In this case, the Court finds that the competing interests weigh against staying the action or bifurcating the damages issue. Although this action and the infringement action involve the same

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parties, they do not involve the same claims, transaction or occurrence. The only patent issue present in this case is DatCard's "affirmative defense" claiming an entitlement to setoff in the amount of the damages it suffered as a result of Codonics's infringement of the '164 Patent. Although DatCard labels this setoff claim an "affirmative defense," it is really a severable permissive counterclaim because it is not limited by the size of Codonics's claim in this case. *See, e.g.,* 6 Charles Alan Wright, Arthur R. Miller & Mary Kay Kane, [*Federal Practice and Procedure* § 1426](#). Thus, because this case involves different issues from the PTO reexamination proceeding and the infringement action, there is no justification for staying this action to await the outcome of those proceedings. *See, e.g., Slip Track Sys., Inc. v. Metal Lite, Inc., 159 F.3d 1337, 1341-42 (Fed. Cir. 1998).*

Accordingly, for the foregoing reasons, the Court **DENIES** DatCard's motion to stay these proceedings, or in the alternative, to bifurcate the damages issue and stay the damages proceedings.

IT IS SO ORDERED.

Dated: October 1, 2009

s/ *James S. Gwin*
JAMES S. GWIN
UNITED STATES DISTRICT JUDGE